

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of)
)
PUBLIC UTILITIES COMMISSION)
)
Instituting a Proceeding to Investigate)
Proposed Amendments to the)
Framework for Integrated Resource)
Planning.)
)

Docket No. 2009-0108

PUBLIC UTILITIES
COMMISSION

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HAWAII SOLAR ENERGY ASSOCIATION'S RESPONSE TO
THE NATIONAL REGULATORY RESEARCH INSTITUTE'S COMMENTS

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I. INTRODUCTION

Pursuant to this Commission's Order Approving the Stipulated Procedural Order, As Modified, filed on September 23, 2009 ("9/23/09 Order"), Hawaii Solar Energy Association ("HSEA"), by and through its counsel, Earthjustice, submits the following comments on the paper submitted by the National Regulatory Research Institute ("NRRI") entitled "Clean Energy Scenario Planning: Thoughts on Creating a Framework" ("NRRI paper"). As further discussed below, the NRRI paper provides a helpful overview of scenario planning ("SP") and indicates this approach has beneficial features that could improve the Commission's existing Framework for Integrated Resource Planning ("IRP Framework"). SP, however, does not resolve all of the problems with the IRP Framework the parties have raised, such as the slow and unwieldy nature of the process, and may present drawbacks of its own. More importantly, notwithstanding the tendency to lump SP together with clean energy planning, such as in the term "clean energy scenario planning" proposed in this proceeding, SP in itself has nothing to do with planning, promoting, or achieving clean energy per se. In other words, clean energy does not necessarily follow from SP, nor do clean energy goals compel SP. As HSEA has discussed in its Preliminary Statement of Position filed on October 2, 2009 ("HSEA PSOP"), further modifications to the IRP Framework are needed to advance the public interest in realizing a clean energy future.

In sum, SP is not an end-all, but simply one potential refinement of the IRP Framework. Consideration of SP should maintain a clear distinction between SP and planning for the sake of achieving clean energy goals, which is the ultimate purpose for this and other proceedings presently before this Commission.

II. DISCUSSION

A. SP Shifts The Focus Of IRP, But May Not Resolve All Problems With IRP And May Present Other Problems.

The NRRI paper offers important insight into the concept of SP and its basic differences from traditional IRP. As the paper describes, SP does not focus on forecasting the future, but rather contemplates “a broad set of plausible futures.” *Id.* at 5. In short, SP forces planners to “think outside the box” and envision alternate futures based on fundamental “game-changers.”

SP provides several interrelated benefits that can facilitate clean energy (and other) planning:

- As the NRRI paper explains, SP allows planners to address uncertainty and risk in our rapidly changing world.
- SP promotes an open-minded and broad-based approach to planning and prevents preconceived assumptions or mindsets from limiting the analysis.
- Finally, this broader perspective of SP not only allows, but necessitates, an inclusive and accessible process in which a broad range of stakeholders and the public can participate. (HSEA thus agrees with the NRRI paper’s observations that “the framework process should involve more than the customary players” and “a neutral facilitator seems necessary,” *id.* at 10, and has recommended revisions to the IRP Framework to strengthen the public participation process. *See* HSEA PSOP at 15-19.)

The NRRJ paper suggests that SP and IRP differ fundamentally, and that attempts to edit the IRP Framework will not suffice for successful implementation of SP and “by itself will not prepare Hawaii for the range of uncertainties ahead.” Id. at 1. This varies somewhat from the Commission’s indication that “the starting point [for this docket] should . . . be the existing commission-approved IRP Framework.” 9/23/09 Order at 5. While differences between SP and IRP exist in concept, the differences may not be as cut and dried in the case of Hawai‘i’s IRP Framework. For example, the IRP Framework does provide for analysis of uncertainty and alternatives, see, e.g., id. pts. IV.F & H, and could allow for the use of an SP approach. SP, in contrast, front-loads the uncertainty analysis makes it a main feature of the planning process. Ultimately, the difference may lie more in emphasis, rather than substance. HSEA, nonetheless, is open to changes to the IRP Framework to incorporate SP concepts and the benefits stated above.

HSEA observes, however, that SP in itself does not address all the concerns about the current IRP Framework that stakeholders have identified over the years and the parties have discussed in this docket. For example, several parties have commented on the slow and unwieldy process in previous IRP rounds and have suggested changes to the IRP Framework in response. Yet, SP does not appear to resolve this issue. SP is not inherently less rigorous or more expeditious than IRP and, in fact, could be more

demanding in that it requires the development of multiple scenarios while still requiring the optimization of a preferred, “least-regrets” plan.¹

SP may also present potential drawbacks. For example, the concept of “least-regrets” planning may place undue emphasis on “hedging bets” and encouraging suboptimalities. That is, by prioritizing minimization of downside risk as a planning principle, the process, by definition, de-emphasizes the importance and hence the likelihood of achieving the socially optimal outcome. To use the NRRI paper’s home buying analogy, SP would dictate that young couples purchase extra-large houses just in case they have octopulets. In this regard, SP may be more helpful in finding basic, least common denominator proposals (e.g., the NRRI paper’s example of identifying smart meters as basic component of each scenario), but stop short of dictating an entire “optimally suboptimal” plan.² In sum, SP may be most beneficial in providing certain refinements to the IRP Framework, rather than supplanting it completely.

B. SP Can Facilitate Clean Energy Planning, But The Two Are Ultimately Distinct Concepts.

The impetus for this docket to revisit the IRP Framework comes from the October 20, 2008 Energy Agreement and the larger movement towards clean energy in Hawai’i, which has also produced the legal mandates of Act 155’s Renewable Portfolio

¹ The NRRI paper’s suggestion that “all of Hawaii’s electric utilities,” including gas, water, and sewage utilities, should be included in a comprehensive plan, *id.* at 10, would further increase the demands on the planning process.

² The NRRI paper may already contemplate this, which further discussion may clarify. To be clear, HSEA is not asserting that minimizing downside risk is the wrong approach, only that this approach privileges specific outcomes and that its merits as a planning principle needs to be evaluated in this light.

Standards and Energy Efficiency Portfolio Standards (“RPS/EEPS”) and Act 234’s greenhouse gas pollution reductions. The Energy Agreement calls for the adoption of SP not for its own sake, but to achieve these overarching goals. Yet, SP does not necessarily further this end, and may actually work against it. To achieve a clean energy future, the planning framework additionally requires clear, strategic purpose. HSEA emphasized this in its preliminary statement, that any planning process “cannot provide meaningful guidance without establishing clear objectives and principles. Otherwise, planning becomes merely an exercise in self-validation, rather than a discipline for achieving progress, and will lack the transparency necessary to build public awareness and support.” HSEA PSOP at 9. We explained that the HECO proposal weakens the IRP Framework by, for example, eliminating all references to “objectives,” when the IRP Framework should instead be strengthened by adopting purposeful governing principles and concrete long- and short-term objectives. *Id.* at 8-12.

Indeed, while SP’s purpose is to address uncertainty, Hawai’i has removed uncertainty by establishing the RPS/EEPS and greenhouse gas cap, both of which are among the most commonly cited major contingencies that require SP. In addition to these legally established mandates, another certainty is that the energy and climate crises can only worsen over time -- and at least in the case of the climate crisis, is rapidly accelerating beyond previous projections towards an ever more dire situation. Given these overriding certainties, Hawai’i’s energy planning framework must look beyond

SP and further provide the necessary planning and policy direction to effectuate our established clean energy goals.

It bears emphasis that the very reason the RPS/EEPS and greenhouse gas cap were established is because previous planning efforts have failed to give adequate attention and commitment to the broader societal needs of energy and climate security. Simply adopting and conducting SP will not resolve this chronic problem.

HSEA is particularly concerned by the suggestion in the NRRI paper that the scenarios would include the possibility of changes to the RPS and EEPS mandates. See NRRI paper at 8. Setting aside the legal authority for such changes, achievement of clean energy goals only becomes more difficult if the planning framework is preoccupied with hedging bets against those goals from the outset. In any event, such comments simply highlight the main point, which is that SP may fail to promote or even hinder clean energy goals, and that true “clean energy planning” requires both a conducive process and clear policy direction.

III. CONCLUSION

HSEA appreciates this opportunity to comment on the NRRI paper and SP concepts. We are open to the adoption of SP with certain reservations discussed above and look forward to further discussions on how the IRP framework can be improved by incorporating beneficial features of SP as well as other changes for the ultimate purpose of establishing a strong foundation for Hawai‘i’s necessary and mandated transition to a clean energy future.

DATED: Honolulu, Hawai'i, November 23, 2009.

A handwritten signature in black ink, appearing to read 'I. Moriwake', written over a horizontal line.

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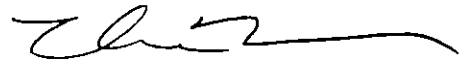
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